



I. Introduction

Funded by the Walmart Foundation and Heifer International, the *Rural Entrepreneurs: Connecting Field to Table* project supported 6,269 entrepreneurs between 2018 and 2019 in Chiapas, Oaxaca, Puebla and Yucatán to increase and diversify their incomes from beef, cage and stress-free eggs and honey. Entrepreneurs scaled their businesses using environmentally-friendly practices, meeting demand for food in urban areas in a sustainable way. With support from Heifer Mexico, the farmers increased production and productivity, strengthened their businesses and management skills, and built connections to food companies, accessing new markets for their products.

This document outlines a series of key learnings from Heifer Mexico's work with producers in the cage and stress-free eggs value chain through the *Rural Entrepreneurs* project.

II. Context

Mexico is one of the world's top consumers of eggs. In 2017, the country produced 2,771 million tons of cage and stress-free eggs, with a commercial value of \$2,631,559. On average, producers received \$950 per ton of eggs produced. The top egg-producing states are Jalisco with 1,503,293 tons, followed by Puebla with 501,254 tons and Yucatán with 87,065 tons. Farmers from Puebla and Yucatán were part of the *Rural Entrepreneurs* project.

The Rural Entrepreneurs project was launched to address some of the instability in the cage and stress-free egg sector and connect farmers to market. In 2017, Yucatán's production rate dropped sharply in July but recovered by September, but across Oaxaca and Chiapas, the production rate of cage and stress-free eggs was relatively stable. The Ministry of Agriculture and Rural Development states that small-scale egg producers are primarily involved in two types of production:

1. Large companies provide all the inputs, while farmers provide the coops and labor, reducing operating costs for both groups.
2. Small-scale backyard poultry is used for domestic consumption and sold locally.

III. Intervention Methodologies

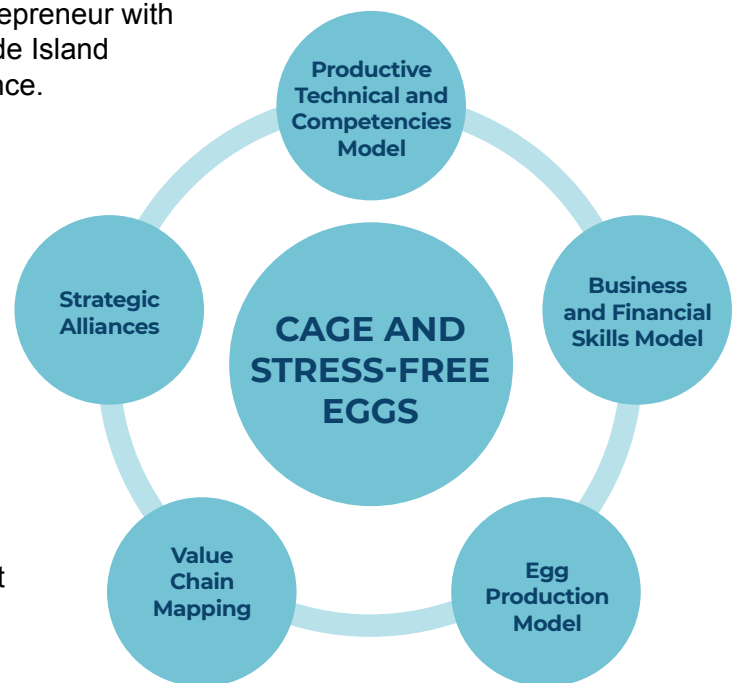
Heifer International's community development model builds a platform for other partnerships that support farmers to grow their businesses. These include the deployment of different technologies and innovations in support of farmers, targeted financial support through Heifer International's impact investing program and broader values-based partnerships with corporations. Drawing on this, the Rural Entrepreneurs project's intervention model incorporated the following five strategies to improve productivity and increase incomes:

1. The Productive and Technical Competencies and Business and Financial Skills model helped producers gain a set of core skills that they further developed throughout the duration of the project. As they improved production, farmers developed additional business management skills and strengthened their relationships with other producers.

2. The **Egg Production Model** equipped each rural entrepreneur with an initial investment worth \$670, which included 50 Rhode Island hens, basic infrastructure, training and technical assistance. Using this initial investment, farmers were expected to be able to generate 16,200 eggs, with average sales of \$1,550 during the productive life cycle of each bird. A 43% return on investment is projected three to five years after this initial investment. The work done during this project serves as a basis for other Heifer International projects.

3. **Value Chain Mapping** was undertaken to visualize key actors, their functions and product and information flows from production to end consumer.

4. **Establishing Strategic Alliances** were established, as part of a market systems approach to increase impact and sustainability.



IV. Project Highlights (December 2019)

Strategic alliances established through the project enabled poultry farmers to improve their production, formalize their business transactions, and build their savings. By the end of the project, the following activities were accomplished:

- 23% of project participants worked in the cage and stress-free egg value chain
- 80% of the entrepreneurs sold 5,005,416 eggs valued at \$638,689 to families and schools by the end of the project. During this time, local schools purchased 4,566 eggs valued at \$4,313, benefitting 2,264 students
- 17% of the entrepreneurs were linked to a formal market, such as TOKS Restaurants, IBIS Hotel, City Express and the Cooperative “Puntos Verdes,” selling 104,509 cage and stress-free eggs that yielded \$12,457 in profits
- Through La Esperanza Cooperative, 35 families collectively saved \$391 between January and April 2019. This enabled five entrepreneurs to collectively purchase feed, reducing egg production costs by at least 5%
- 19 women-led families gained access to resources through four saving groups that were established in their communities between July and December 2018
- Two rural entrepreneurs established businesses as local feed distributors in the communities of Díaz Ordaz, San Lorenzo Albarrada and Santa Cruz Xitla
- Two local universities and technical colleges (Universidad Autonoma de Yucatán and Universidad Autonoma de Chiapas) provided technical assistance and training
- Three gathering centers with points of sale and feed distribution were developed by three cooperatives – Alliance of Women to Develop the Highlands, Mujeres Empresarias e Impulsoras del Desarrollo Comunitario y Economico de Sureste SPR RL and Puntos Verdes Cooperative, in Chiapas and Oaxaca
- Families started tracking their costs, production and sales after they were trained on record keeping
- Food safety practices improved as entrepreneurs were trained to use record-keeping tools, enabling them to monitor and ensure quality control in their production units

V. Lessons Learned

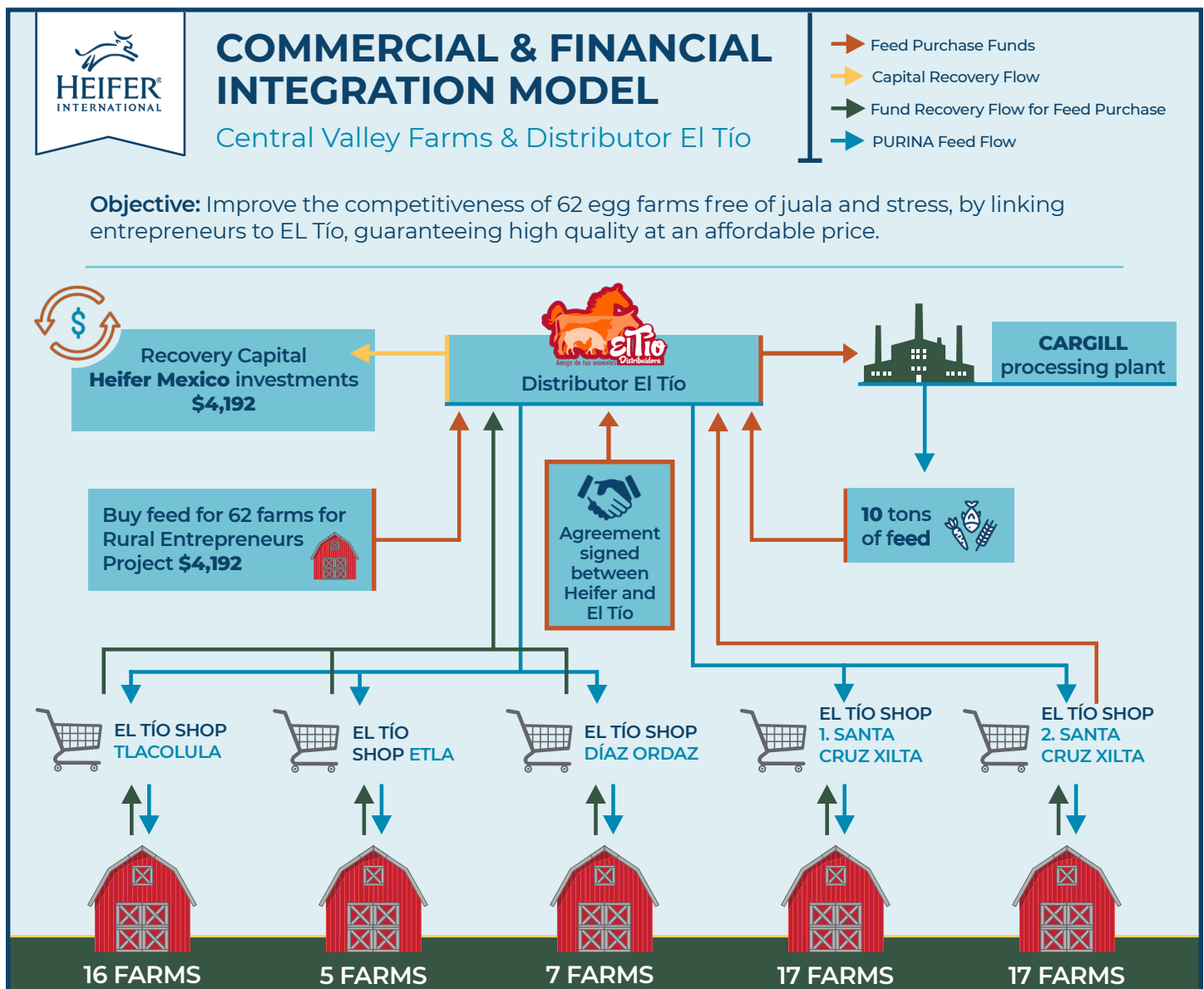
The project team identified a bottleneck in the feed supply chain that made it hard for farmers to purchase affordable, high quality feed. Low quality feed resulted in a reduction in the quantity and quality of eggs produced, reducing farmers’ profits. To address this, the project formed an alliance with feed distributor, El Tío, linking the company to women entrepreneurs in the central valleys of Oaxaca. Using poultry feed provided by El Tío, 62 farms were able to improve the nutrition and yields from their flocks, increasing their competitiveness in markets.

V. Lessons Learned, continued

The project invested \$4,192 to purchase 10 tons of PURINA Brand feed through three micro distributors in the communities of Díaz Ordaz, San Lorenzo Albarrada and Santa Cruz Xitla and two stores from El Tío, located in Tlacolula and Soledad Etla. Using the feed, farmers were able to increase the productivity of Rhode Island chickens with a 14.5 week productive cycle by 76%. As a result, 9,372 eggs were produced, each with an average weight of 2.22 ounces.

As of May 2019, the farmers had purchased a total of 33 tons of feed at a cost of \$12,576, proving the model successfully facilitates access to high quality inputs and links rural entrepreneurs to private sector companies. Connections to feed companies active in nearby areas also helped lower transportation costs.

Training and technical assistance provided by El Tío and the project's technical team increased the impact of the project. The project shows that combining a market system approach with social capital can be effective. As the 62 families that participated in this part of the project continue to work together and support each other in decision-making, they are strengthening their businesses.





VI. Success Story

Lidia Santiago-Mesinas grew up in Villa Díaz de Ordaz, Oaxaca. She loves living in the community as she can always learn new skills and her animals are always safe.

Lidia is one of the entrepreneurs who worked with El Tío through the Rural Entrepreneurs project. She joined after her neighbor, Susana, invited her to participate in a poultry project. After joining, Lidia began raising hens.

“From the beginning, the feed I bought for my hens was Purina, but I had to travel to Tlacolula to buy it, which increased my production costs,” Lidia said. “I discussed this with Miguel, the Social Capital Officer from Heifer Mexico, and when the opportunity arose to purchase my feed right in the community, I didn’t think twice.”

Although she could buy chicken feed in her community, it was the cause of much frustration. “My neighbors were buying cheaper feed, and it was difficult to convince them that this feed was better,” she said. “We were all afraid that the money would come directly out of our pockets, but when our hens began laying, they started paying for their own feed.”

Having a feed store nearby enables her to focus on other activities as she waits for the food to be delivered. She can now invest her time where it matters most – her family.

“I have more income and my family also gets involved in the egg production; my sister, my brother and even my father,” Lidia said. Her interactions in her community have also changed for the better. She’s gotten to know more community members through selling eggs – some have even become her friends.

Although there have been disagreements within the producer group, they have continued working together to improve their chickens’ nutrition and their families’ income. “We put our heart into it. We have a good opportunity to get training and change our lives. We have received new and it’s interesting,” Lidia said. “We have learned how to manage and run a business. These are valuable skills. They have been useful for growing my business and improving my family’s way of life.”